

Message Text

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PAGE 01 STATE 222751
ORIGIN ARA-14

INFO OCT-01 EB-08 ISO-00 COME-00 TRSE-00 L-03 OPIC-06
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DRAFTED BY ARA/CAR:GDESANTILLANA/BTK
APPROVED BY ARA/CAR:AHWOODRUFF
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-----002816 170800Z /14

R 161842Z SEP 77
FM SECSTATE WASHDC
TO AMEMBASSY SANTO DOMINGO

UNCLAS STATE 222751

E.O. 11652: N/A

TAGS: EINV, BDIS, DR

SUBJECT: FULLER COMPANY (GATX CO.) DIFFICULTIES WITH
DOMINICAN TAX AUTHORITIES

1. JAMES S. MCCORMICK, CONTROLLER OF THE FULLER COMPANY,
AND LEONARD L. SILVERSTEIN, MEMBER OF WASHINGTON LAW FIRM
REPRESENTING COMPANY, CALLED ON DEPARTMENT (ARA/CAR)
SEPTEMBER 14 TO REQUEST USG ASSISTANCE ON DIFFICULTIES
FIRM IS HAVING WITH DOMINICAN TAX AUTHORITIES.

2. ACCORDING TO MCCORMICK, FULLER COMPANY (SUBSIDIARY OF
GATX) WON A DOLS 25 MILLION CONTRACT TO PROVIDE A CEMENT
PLANT ON A TURN-KEY BASIS FOR CEMENTOS NACIONALES IN THE
DOMINICAN REPUBLIC. ACTUAL COST OF PLANT, OWING TO INFLA-
TION, TURNED OUT TO BE DOLS 27 MILLION, RESULTING
IN LOSS FOR THE FULLER COMPANY. FIRM IS NONETHELESS
BEING ASSESSED CORPORATE PROFIT TAX OF DOLS 1.3 MILLION
BY DOMINICAN TAX AUTHORITIES, ALTHOUGH IT SUBMITTED
EXTENSIVE DOCUMENTATION TO SUBSTANTIATE LOSS INSTEAD
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PAGE 02 STATE 222751

OF PROFIT. ALSO, CORPORATE ACTIVITIES IN THE DOMINICAN
REPUBLIC CONSISTED ONLY OF CONSTRUCTION SUPERVISION.
FIRM CONSIDERS DOLS 1.3 MILLION TAX ASSESSMENT UNJUST
AND UNWARRANTED. MCCORMICK ADDED THAT IF HIS FIRM IS
FORCED TO PAY THIS TAX IN THE DOMINICAN REPUBLIC, IT
WILL HAVE TO TAKE A TAX WRITEOFF IN THE U.S., RESULTING
IN SUBSTANTIAL LOSS TO THE U.S. TREASURY.

3. MCCORMICK PLANS TO VISIT SANTO DOMINGO AND CALL ON EMBASSY SEPTEMBER 20 CONCERNING APPEAL ON TAX ASSESSMENT. WHILE THE DEPARTMENT IS NOT IN A POSITION TO JUDGE THE MERITS OF THIS CASE, THE EMBASSY IS REQUESTED TO PROVIDE ASSISTANCE AND GOOD OFFICES AT APPROPRIATE LEVELS OF THE GODR IN SEEKING SETTLEMENT OF FULLER COMPANY'S DIFFERENCES WITH THE DOMINICAN TAX AUTHORITIES. DEPARTMENT WOULD ALSO APPRECIATE EMBASSY'S ASSESSMENT OF BASIS IN DOMINICAN LAW FOR CORPORATE PROFITS TAX ON A FOREIGN FIRM INVOLVED IN WHAT APPEARS TO BE BASICALLY A COMMERCIAL TRANSACTION. VANCE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DISPUTES, TAX COLLECTIONS
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Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
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Disposition Event:
Disposition History: n/a
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Enclosure: n/a
Executive Order: N/A
Errors: N/A
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Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
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Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
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Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
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Review Withdrawn Fields: n/a
SAS ID: 1240997
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Subject: FULLER COMPANY (GATX CO.) DIFFICULTIES WITH DOMINICAN TAX AUTHORITIES
TAGS: EINV, BDIS, DR, FULLER CO, GATX CO
To: SANTO DOMINGO
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